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Agricultural Depression, its Causes and Possible Remedies.

For months past from all parts of the country, there have reached me communications, many of them from large bodies of men, all of them from persons deserving consideration, and all of them deeply in earnest respecting the present condition of agricultural depression. In most cases the communications suggest the conviction of the writers, not only as to the gravity of the emergency, but as to its cause or causes and possible remedies, and all of them appeal to me for some expression of my views on the subject. To answer each one of these communications separately, would be more than any one man can undertake to do and moreover, I am reluctant to send out an expression of my views in letters covering merely a phase or a portion of the questions involved. Such a course would be unjust to myself and to those who address me. I can only consent to express my views, such as they are, on the entire question, reviewing the whole subject and considering it in all its various phases.

It would be a work of supererogation at this time to undertake to prove the existence of severe agricultural depression. This is universally admitted. Representative farmers and farmers' associations are constantly calling my attention to their condition, urging the necessity for some measure of relief. The situation warrants all the attention which our wisest minds can devote to it.

What is to be done? Such is the question which confronts every thinking man. Too many of those who are giving the matter consideration look at it from only one point of view. One attributes the difficulty to one cause, and one to another, and most people seem to regard two or three causes at most as entirely responsible for the present condition of affairs. This is a mistake. The fact, however, explains to a certain extent that some of the remedies proposed, bid fair, if carried out, to bring about a result as objectionable as is the present situation. Great discouragement is very apt to lead to extravagance in devising remedial agencies, and we must beware of remedies that may be worse than the disease. It is only by a very careful diagnosis of the case, that we can possibly attain to efficient remedy. The present agricultural depression, it seems to me, can be traced to a combination of many causes, so many, that probably no one man can enumerate them all. I will only endeavor to point out some which seem to me more directly responsible. They may be divided into two classes. First: Those causes inherent to the farmers themselves, and for which they alone can provide a possible remedy. Second: Those over which the farmer himself has no direct control, and the remedy for which must be provided as far as remedy is possible, by law, and for such legislation the responsibility devolves upon the legislative bodies of the States and of the Nation.

WHAT THE FARMER MUST DO.

I will confine myself to a mere enumeration of the first class of causes indicated. On many farms, I regret to say, we find a depreciation of the productive power of the land due to careless culture. We find a want too often of business-like methods, due to the fact that in earlier times, business training was not regarded as an essential preparation for the farmer's work, whereas, today with altered conditions, when every penny, and I may say every moment of time has to be profitably accounted for and in the face of world-wide competition, a successful farmer must be as well trained and careful in business as the storekeeper, and his equal in intelligence and general education. Nor are the important questions of supply and demand of market prices studied with the vigilance which characterizes the methods of our merchants and manufacturers. These last moreover, have the advantage of transacting their business in immediate proximity to trade centres, where the widest information in reference thereto is readily obtainable. Our farmers' organizations are wisely seeking to supplement this want for the farmer; the agricultural press is earnestly working in the same direction and one of the most important duties devolving upon this Department, consists in gathering and promptly distributing reliable information on all those subjects which are essentially interesting to the farmer. It remains for him to avail himself of the information thus supplied as his chief protection not only against over-supply of certain products, but against possible over-reaching on the part of purchasers. The farmer must look with suspicion upon any attempts to abridge the sources of his information. His advantage will always be in the fullest knowledge of the facts. He must carefully study the character and the quality of his products rather than mere quantity, and always bear in mind, that whether prices are high or low, it is always the best goods at the best obtainable prices that are the most readily sold. Many of our farmers have been land-greedy, and find themselves the owners of more land than they can properly care for in view of the comparatively high price of labor in the rural districts, and in view of the fact that but a small portion of mankind, comparatively, can profitably control the labor of others. The prudent farmer will limit his efforts to that which he can efficiently perform. Again,—more attention must be given especially on our Western farms, to the raising by the farmer, for his own use, of everything that may be utilized by himself and his household, as far as soil and climate will permit.

I have passed over these various causes briefly. I do not deem it necessary to dwell upon them at length, but will merely re-iterate the fact, that for them the remedy is feasible, and it depends upon the farmers themselves to provide it. No one can relieve them of this responsibility, but I am thankful to say, that owing partly to their own efforts, there exist today in many States, valuable instrumentalities capable of materially aiding them in their work, and today, in this country, no farmer need be without all the aid that knowledge and science can impart.

FARM MORTGAGES.

The burden of mortgages upon farms, homes and lands, is unquestionably discouraging in the extreme, and while in some cases no doubt this load may have been too readily assumed, still in the majority of cases, the mortgage has been the result of necessity. I except of course, such mortgages as represent balances of purchase money, which are rather evidences of the farmer's ambition and enterprise than of his poverty. On the other hand, those mortgages with which land has been encumbered from the necessities of its owner, drawing high rates of interest, often taxed in addition with a heavy commission, have today, in the face of continued depression in the prices of staple products, become very irksome and in many cases threaten the farmer with loss of home and land. It is a question of grave difficulty to all those who seek to remedy the ills from which our farmers are suffering. At present prices the farmer finds that it takes more of his products to get a dollar wherewith to pay back the dollar he borrowed than it did when he borrowed it. The interest accumulates, while payment of the principal seems utterly hopeless, and the very depression which we are discussing makes the renewal of the mortgage most difficult. Many people are disposed to associate this phase of the subject with the question of an undue limitation of our currency. Many carry this line of argument to extremes, but it is by no means impossible that these subjects are corelated. However the question of currency is now receiving special attention from another branch of the government; legislation on the subject is now pending before Congress and we can no doubt look for an early and satisfactory solution of this vexed problem.

TRANSPORTATION.

The question of transportation is one of profound interest to the American farmer. The trouble begins near home, between the farm and the nearest railroad station. It would be difficult to estimate the amount of loss in time and labor, in depreciation and wear and tear of horses and conveyances, entailed upon the farmers by the wretched condition of country roads before arriving at the station; he there meets the vexed question of freight rates, a difficult one to settle satisfactorily to all parties under any circumstances, but in many cases still further complicated by the condition of our whole railroad system. Many of the roads were built at a time and under conditions that greatly enhanced their cost. Competing lines built under more favorable circumstances, present comparisons of inequality which often seem like injustice and on the other hand it must not be forgotten, that many roads are over-taxing their constituents in an effort to secure dividends upon a total of capital and bonded debt, a portion of which is purely fictitious. That many roads fail to pay any dividends at all, while the total profits of the railroads throughout the country represent but a comparatively small dividend upon the actual cost of construction, plant and equipment, still in no wise palliates the grievous wrong of attempting to secure a profit upon fictitious values. It is still too early to suggest any important modifications in the Inter-State Commerce law. A fuller trial is needed to judge properly of its effects and to suggest judicious amendments. The condition of our agriculture is such that a large proportion of our farmers must depend upon facilities for reaching distant markets, and the law will hardly accomplish its purpose of securing the greatest good for the greatest number, if its ultimate result should be to raise the cost of the long haul. Its most valuable office will be to prevent injustice by forbidding the granting by the railroads of special privileges to certain classes or corporations, which are denied to the community at large.

THE MIDDLE MAN

Another cause operating to depress the price of the farmer's honest toil, is the undue increase of the class of middle-men and the dishonesty and greed of many of them. Hence the wide gulf between the high prices charged to the consumer, and the low prices paid to the producer. The middle-man within certain limits must be regarded as a necessity. There are many things he can do for the farmers which the latter cannot do so profitably for themselves, and under such conditions it is wise to employ him. The evil which exists at the present day in this direction could undoubtedly be mitigated by, first, a familiarity on the part of the farmer himself with the market value of that which he has to sell, and second, a better system of co-operation among the farmers both in the disposal of their crops, and in the purchase of their supplies.

GAMBLING IN FARM PRODUCTS.

Few there are but are familiar with and deplore the conversion of our exchanges and boards of trade, originally designed for the encouragement and convenience of legitimate trading, into vast gambling places, fraught with the gravest danger to the country at large, but of which the farmer, whose products are thus made the toy and plaything of the game, is the immediate and chief sufferer. The frequent and extreme fluctuations of price occasioned by the operation of irresponsible speculators is the bane of the producer, whose best interests will ever be served by the maintenance of a firm and reliable market. To the allegation, not infrequently made, that if at times prices are thus unduly depressed, there are also times when they are unduly raised, there is a simple reply. As already asserted, not only are fluctuation and uncertainty the bane of the producer, but the speculative combinations which result in unduly raising or depressing prices are carefully calculated to raise them when the goods are no longer in the producer's hands and to depress them when they are. Unquestionably legislation is needed to remedy this evil, and it should be based on the principle that the evil is not a necessary one, requiring regulation, but an utterly inexcusable one, to be cured by eradication.

CONTROLLING COMBINATIONS.

Much has been said and written alleging the existence of unlawful combinations for the express purpose of so controlling the markets as to lower the price of the farmer's products, and of other combinations whose object is to raise the price of the articles which the farmer consumes. That such combinations exist it is impossible to doubt, and the serious results of their greed and selfishness are enhanced by the grave difficulties attending any effort to limit their evil effects. This is one of those evils so closely allied to the matter of inter state commerce, that its regulation may possibly fall within the legitimate province of national legislation. The great difficulty lies in the close observance of that line of demarcation which clearly exists between combinations for mutual self-help, protection, and the advancement by legitimate means of the interests of a class, craft, or industry and combinations or trusts inspired by greed, whose objects are unattainable save as they infringe upon the legitimate rights of others. In spite of these difficulties, however, there cannot be any doubt that an earnest demand for adequate legislation on this subject, sustained by popular opinion, receiving the earnest attention of our strongest minds, will eventually result in some adequate means of controlling this gigantic evil.

PROTECTION FOR THE FARMER.

I now come to the consideration of one of the gravest causes in my opinion of the present agricultural depression, but which I am happy to state can be effectually and directly dealt with through national legislation. Few people realize that our imports of agricultural products estimated at prices paid by the consumers are about equal to our agricultural exports estimated at prices paid to the farmer, yet such is the case. Our imports of products sold in competition with those actually produced on our own soil, amount to nearly 115 million dollars and as much more could be produced on our own soil under favorable condi-

tions. We must surely conclude that we have here another cause of depression. The subject is so vast that I cannot dismiss it briefly. Indeed I can do no better than to repeat here views already expressed by me on this subject.

IMPORTS OF AGRICULTURAL PRODUCTS.

Of all the wonderful phases of development of which the United States furnishes such striking examples, none is perhaps more remarkable, than the wonderful increase, totally disproportionate to our increase of population, in our imports of products, which are distinctly agricultural. In 1850 the imports of such products amounted to 40 million dollars; for the fiscal year ending in 1889, they amounted to the enormous sum of 356 millions, an increase of nearly 900 per cent., while the increase in population during the corresponding period, was considerably less than 300 per cent. This is all the more remarkable when taken in conjunction with the fact, that this is pre-eminently an agricultural country, opening up year after year, with a rapidity which has alarmed the producers of the Old World, immense tracts of country to be devoted exclusively to tillage; all the more remarkable when we realize furthermore that over 70 per cent. of our total *exports* are the direct product of the soil. Accompanying this extraordinary movement, there has been during the past decade, in which the greatest increase of such imports has taken place, *a steady decrease in the prices of home grown products.* To any reasonable man the conclusion must be obvious; namely, that in the line of products, with the exception of cotton, upon which our farmers chiefly depend, there has grown up a well-nigh ruinous competition in which the labor of the peasant of Europe, of the miserable fellah of Egypt, and of the unfortunate half-starved Indian ryot, working for pauper wages, neglecting all the amenities of life in order that women and children as well as men may work in the fields, is pitted against that of the American farmer, relying upon his own and his son's labor, or where he employs hired help, paying them a fair rate of wages according to our American standard, besides providing them with the same food and shelter as he gives to his own family.

Growing a surplus of wheat, that surplus, whose price is forced down by the competition of Russia and India, regulates the price of the entire crop. The product of our vast corn fields, for which a comparatively insignificant foreign demand exists, must be utilized largely by the farmer for the raising of cattle and hogs. The foreign market for live cattle which exists in Great Britain is so hampered by the oppressive regulations requiring slaughter at point of landing, as to exercise little or no beneficial influence on the price of his product while the obstructive measures adopted by several of the Continental countries in regard to American pork has reduced the exports of that product since 1881 over 40 per cent. annually. Under such circumstances there can be but one cause assignable for the neglect by American farmers to turn their attention to other crops in the line of such agricultural products as we now import, and that is that in this they would meet an even more overwhelming and disastrous competition than they are now confronted with, in the raising of cereals and live stock. Obviously then, the only course possible to enlightened statesmanship, is to assure to the farmer adequate protection in the diversification of his crops and the production of a larger proportion of the articles which we now import.

These may be summarized as follows, the figures given, being for the fiscal year ending June 30, 1889, and the values, those at the ports of export.

Sugar and Molasses	93,301,894
Animals and their products, except wool	42,263,014
Fibers, Animal and Vegetable	59,453,936
Miscellaneous, incl. bread-stuffs, fruits, hay, hops, oils, rice, seed, tobacco, vegetables and wines, etc.,	71,254,894

For obvious reasons I omit any reference here to the 90 millions expended for tea, coffee and cocoa, but omitting these, we have still the enormous sum of $266,273,738 imports of agricultural products, the far greater part of which, amounting probably to not less than 240 or 250 millions, could, with proper encouragement, be produced on our own soil. The establishment of our Agricultural Experiment Stations, the energetic research by the Department of Agriculture into the resources of different sections of this country, investigation of their soils and climate, and the application, in general, of scientific principles to agriculture, all combining, make this assurance doubly sure, *provided always*, that this diversification, be encouraged and fostered by the application of the principle of protection to the development of new industries on the farm. It is simply the extension to our agriculture of the protection so beneficially extended in the past to our manufacturing industries. In the days when the farmers were prosperous, when good crops were accompanied with high prices, and the value of agricultural land went up accordingly, the farmers to a man, stood by the principle of protection urged on behalf of the manufacturers, who, burdened then with the heavy load of taxation imposed upon them by the Civil War, were threatened with grave disaster in the face of European competition. Now in the face of the severe competition which today confronts the farmer in foreign markets, duty, fairness, and in the long run, self-interest demand that we should afford him the benefits of a home market for all that he may be able to produce on our own soil. This includes all the sugar and molasses, all animal products, wool, silk, flax and other fibres, all our bread-stuffs, fruits, hay hops, rice, tobacco, vegetables and wines; but many of these things will never, can never be produced on American soil in competition with the labor of European nations, especially when, as in the case of sugar, the industry abroad has been helped by liberal government bounties. It is worth while noting that the price per pound of the great bulk of the sugar imported, was at the point of shipment, 2.91 cents. It should also be borne in mind, that while we estimate in our statistics the value of imports at the price in the foreign port of shipment, the value of the export is on the other hand estimated at the price at the port of shipment in our country, so that to the former must be added, transportation, commissions, exchange and dealers' profits, which, without the duty, would add fully 25 to 30 per cent., more to arrive at its value at the point of consumption—this would bring up the cost, to the consumer, of our agricultural imports, to nearly 500 millions, or, estimating solely such as could be with proper encouragement grown on our own soil, we have a value of not much less than 350 million dollars as the possible reward of diversified agriculture, a sum almost equal to our agricultural exports, estimated at farmers' prices—that is less cost of transportation and commissions or other shipping charges to point of shipment.

COMPETITION ON OUR OWN SOIL.

Before leaving this subject, a glance at the competition which our farmers have hitherto been compelled to meet, even on our own soil, will be found most interesting. Of the 7 or 8 million dollars worth of live animals imported into this country, the greater proportion were of ordinarily marketable stock, as contra-distinguished from pure bred stock imported for breeding purposes and admitted free. Of all other animal products, including wool, there is not one that cannot now, indeed that is not now being raised upon our own soil, and yet, including wool and hides, the imports of these animal products amounted in the year referred to, to over 60 million dollars; to this add 20 millions for fruits; 8 millions for barley; over 2 millions for hay and hops; 3 and one-half millions for rice; 11 millions for tobacco; 3 millions for oils; 2 and one-half millions worth of vegetables, the same of eggs; over a million dollars worth of cheese,—these represent some of the imports, aggregating nearly 115 million dollars, which, in spite of the productiveness of our own soil, are brought into this country and sold in competition with our farmers. The region of the United States where this competition is doubtless most severely felt, is in New England, the seat of manufacturing enterprises which owe their existence to the fostering care of protective tariff laws, and what is the result? That year after year, farms in the New England States are abandoned and allowed to run to waste, while in some of them so startling has this evil become, that legislators are cudgeling their brains to devise some method of re-populating their abandoned agricultural lands.

One glance at the comparative rates of duty levied upon agricultural as compared with other products, one glance at the free list, the greater portion of which consists of agricultural products, either grown or which could be grown upon our own soil, and a comparison of these figures with the average rate of duty levied upon manufactured articles, ought to be sufficient to silence forever, any opposition to the demand I have made on behalf of the American farmer in my Annual Report, namely—that by a wise application of our admirable protective system all the benefits of our home market be secured to him for every thing he may be able to produce.

FOREIGN MARKETS.

Accompanying this principle of protection to the American farmer, is that of reciprocity, which should invariably be applied whenever that of protection is relaxed. If there are products grown to better advantage in other countries, remission of duty on which, would seem to be in the interest of a large portion of our population, such remission should only be accorded as the result of reciprocal concession in the way of a remission of duties by such other countries on products more readily grown here. Many of those countries which would be specially benefitted by a remission of the duty on sugar by our government, would afford an excellent market for our bread stuffs and dairy and meat products, were it not for the high duties imposed thereon by them. So with other products, and whenever duty on such products is lowered or removed and the protection to our farmers thus diminished, it should be as the price of concessions made to us in the tariff of other countries in favor of our own farm products. In this way, and in this way only, can our farmers be adequately protected, new markets being thus thrown open to them for those products which they can most easily and cheaply produce.

To farmers producing, as do ours, a vast surplus of agricultural products the question of foreign markets is and should be deeply interesting. Not only do they offer an outlet for this surplus, but if untramelled by irksome restrictions and uncontrolled by combinations such as I have referred to elsewhere, they serve as useful checks upon those who might otherwise succeed in controlling our home markets. Unfortunately, irksome restrictions do exist and especially is this the case with reference to our live-stock industry. Evidence is not wanting that a demand exists in Great Britain for our live-stock, and but for the oppressive restrictions imposed by the British government, and said to be necessary owing to the alleged existence of contagious diseases among American cattle, there is little doubt but a large proportion of our product of live cattle would find there a profitable market, thus greatly relieving our home markets. So with our pork products, oppressed by the embargoes placed upon them by certain European powers, with the result of an enormous decrease during the past six years in our exports of bacon and hams; for whereas these exports in 1879, 1880 and 1881 averaged about 745,000,000 pounds, they had fallen in 1883 to less than 400,000,000, and until last year never exceeded 420,000,000. The effect of this has naturally been to greatly restrict competition among purchasers, and to seriously depress the price of our hogs. Aided as the farmers and cattle growers must be by supplying them with authentic statistics as to supply and demand of their products, much remains for them to do directly through their own intelligent and active co-operation directed to an intelligent control of the supply. This is a matter worthy of the earnest attention of our numerous farmers' organizations. On the other hand, the national government owes it to the farming and cattle growing community that no effort shall be spared to secure a removal of those restrictions upon our live-stock and meat trade which we know to be unnecessary, and therefore feel to be unjust. First of all we must maintain an absolute and efficient control of cattle diseases, and pursue with the utmost energy the course which has resulted today in the almost complete extirpation from American soil of the most dreaded disease of all, contagious pleuro-pneumonia. The energetic application of efficient measures must effectually stamp out this disease from its last remaining stronghold, and once banished from American soil it must be kept out by the most rigid regulations. As to our meat products, I can see but one way to accomplish the desired results, and that is by the enactment of a thoroughly efficient meat inspection law.

Another duty devolves upon us in connection with our foreign markets, and that is a careful study of their wants. It is a stigma upon American agriculture that our butter exports, for instance, should be reported as small in quantity and poor in quality, and that the South American supply should be largely derived from European countries.

Having taken all precautions necessary to guarantee the immunity of our live-stock from disease and the healthfulnes of our meat products, we must then protect them from unjust allegations on the part of foreign competitors and, as not infrequently happens, of foreign governments or their representatives. To do this it becomes necessary that we should maintain, attached to some of the American legations abroad, a properly qualified officer representing the Agricultural interest, whose special duty it shall be to watch over the interests of American agricultural products in foreign markets. With the proper co-operation on the part of our Consuls and others such an officer could be of incalculable service in the manner indicated as well as in supplying valuable information as to the demand existing in foreign countries for such products as our farmers are able to supply, as to the best manner of preparing the same to meet the wants of foreign consumers, etc.

TAXATION.

It seems to me that our system of taxation demands improvement in certain directions. The cost of supporting the government needs to be most equitably adjusted among the different classes of our people. At present in many States, the burden of local taxation presses heavily upon farm property, its very nature rendering it easily assessable. Every corporation created by the State, and to whom special privileges are granted either by State, county, or incorporated village or city, should be taxed in proportion to its earnings, and in all ways the principle of taxation should be to place the burden of maintaining the government, whether State, municipal or national, upon the luxuries and comforts which the wealthy enjoy, and to reduce it to a minimum in its application to the hardly earned property of the poor man.

No doubt many more causes could be assigned for the present agricultural depression, still less is there any doubt, but that other and more efficient remedies than those suggested might be found, I may say will be found, to relieve it. I have merely tried to indicate what seemed to me the more important causes and to point out such remedies as a long and solicitous consideration of the situation, and I may add, long familiarity and sympathy with the hard working, frugal class which is the immediate and chief sufferer, have suggested to my mind as both necessary and feasible.

I candidly confess, that my personal sympathies are with the farmers, and they must bear with me if I offer them an earnest word of caution. No possible relief can come to them or to the country, no permanent remedy for present ills is to be found in measures which are rather the outcome of resentment than the product of reason. I would say to the farmers, stand firm as the ever-lasting hills in demanding what is right, and resisting any possible infringement on your rights as citizens by any other class or combination of people, but beware, lest in your just eagerness to secure your own rights, you seek to infringe upon the rights of others. No measure that conflicts with the rights of any one class of citizens, but what is sure to follow the course of the boomerang and return to injure the hand that shaped it. On the other hand, let it be borne in mind by all other classes of our citizens, that the present conditions demand consideration now and that consideration must be full and fair; for the time being it is paramount to all other questions and if necessary, every other interest must be prepared to stand aside in favor of measures looking to the relief of agricultural depression.

J. M. RUSK.